



Legislative Audit Division

State of Montana

Report to the Legislature

December 2005

Federal Single Audit

For the Two Fiscal Years Ended June 30, 2005

Montana Single Audit Report

This document is prepared in accordance with the federal Single Audit Act Amendments of 1996 and OMB Circular A-133. It contains the auditor's reports on Montana's basic financial statements and schedules of expenditures of federal awards for the fiscal years ended June 30, 2005, and 2004, as well as reports on internal controls and compliance, the schedule of findings and questioned costs, the corrective action plan, and the summary schedule of prior audit findings.

**Direct resolution of federal issues to:
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Office of Budget and Program Planning
PO Box 200802
Helena MT 59620-0802
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**Direct comments/inquiries to:
Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705**

05-02

FEDERAL SINGLE AUDIT

Montana's federal Single Audit is a biennial audit that completes the reporting requirements of the Single Audit Act Amendments of 1996, and the Office of Management and Budget (OMB) Circular A-133. The Single Audit Report is compiled from work performed by other annual or biennial individual agency audit engagements. Individual agency audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing these audits, the audit staff use standards set forth by the American Institute of Certified Public Accountants and the United States Government Accountability Office.

Government Auditing Standards, the Single Audit Act Amendments of 1996, and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports. The Single Audit Report complies with these reporting requirements and is intended for distribution to federal grantor agencies. The individual agency audit reports are not intended to comply with these reporting requirements and are therefore not intended for distribution to federal grantor agencies.

Audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

Copies of the Single Audit Report can be obtained by contacting:

Single Audit Coordinator
Office of Budget and Program Planning
PO Box 200802
Helena MT 59620-0802
Phone (406) 444-3616
<http://www.discoveringmontana.com/budget/audit>

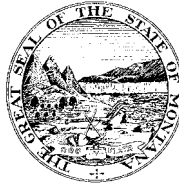
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James Gillett, Financial-Compliance Audit

December 2005

The Legislative Audit Committee
of the Montana State Legislature:

This is our Single Audit Report of the state of Montana for the two fiscal years ended June 30, 2005. This document contains the independent auditor's reports on the state of Montana's basic financial statements for the fiscal years ended June 30, 2005 (page A-3), and June 30, 2004 (page B-3). The independent auditor's reports also address the reasonableness of the schedules of expenditures of federal awards in relation to the basic financial statements. This report also contains reports on the state of Montana's internal controls and compliance with federal and state laws and regulations (pages A-1, B-1, and C-1), a schedule of findings and questioned costs (pages C-3 through C-61), a corrective action plan (pages D-1 through D-12), and a summary schedule of prior audit findings (pages E-1 through E-7). The Single Audit was conducted in accordance with *Government Auditing Standards* and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The audit disclosed certain questioned costs and deficiencies, which are summarized in the schedule of findings and questioned costs. Agency management has responded to the audit findings, and the responses are included in the corrective action plan prepared by the Office of Budget and Program Planning. The status of findings previously reported in state of Montana Single Audit Reports for which continued reporting is required under OMB Circular A-133 is included in the summary schedule of prior audit findings, which was also prepared by the Office of Budget and Program Planning.

Respectfully submitted,

/s/ Scott A. Seacat

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Federal Single Audit

For the Two Fiscal Years Ended June 30, 2005

Montana Single Audit Report

Members of the audit staff involved in this audit were Laurie Barrett, Jennifer Erdahl, Geri Hoffman, Cindy S. Jorgenson, Jim Manning, and Melissa Soldano.

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